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Earlier this year, I was honored to receive a call from the White House, asking me to serve as EPA Regional Administrator in Dallas. I share President Bush's belief that state and local governments, business and industry, along with community and environmental organizations, should be responsible for charting the course to success in environmental protection.

I cannot think of any place where this model is more successful than in Texas, at the Texas Commission for Environmental Quality, under the leadership of Chairman Huston. The state has over 3,000 employees in over 25 locations, working "on-the-front lines" in community after community to protect the environment and public health. At EPA, we have about 900 employees, located in Dallas and a few other locations across the five state region. I strongly believe that the role of the federal government is to assist state and local officials to achieve their goals in protecting public health and the environment. Ours is a support system; it is how the EPA supposed to work.

I am pleased to report, that at EPA, I discovered an organization of employees dedicated to achieving our common goal of protecting public health and the environment. It is a great experience, and I am proud to be part of this important effort. At EPA, our goal is clear and simple; to make America's air cleaner, its water purer, and its land better protected. Together with the states, we have faced many challenges, and we have made real progress towards achieving these goals. Today, I'd like to share with you some of our accomplishments, as well as some work we still need to do in each of these areas.

First, water is an area of major concern for us, and the focus of the work so many of you are here for. In fact, water quality and quantity issues will likely pose the greatest environmental challenge of the 21st century. There are no communities more knowledgeable of this challenge than those here in Texas. Since passage of the Clean Water Act in 1972, we have solved many of the problems resulting

today the major contributor to water pollution nationwide is much more difficult to address, nonpoint source pollution. Polluted runoff, or nonpoint source pollution, can come from many diffuse places. As runoff moves, it picks up and carries away natural and man-made pollutants, depositing them in area rivers, lakes and drinking water sources. The runoff from city streets and rural farms, from parking lots and suburban lawns, are all nonpoint sources of water pollution. Countless small acts, such as changing your oil in your driveway without proper disposal of the used oil, or over-fertilizing your yards, can add up to big problems. Under the Clean Water Act's grant program, EPA has awarded $1.8 Billion since 1990 to address nonpoint source pollution. Nonpoint source pollution is a serious problem, and EPA can't solve the problem alone. Achieving the next level of environmental protection will be accomplished through the use of watershed-based approach.

Our focus on watersheds will help transform the way Americans think about how they can make a difference for cleaner water. As people learn more about the ways, even small ways, individual actions can add up to big environmental consequences, they will become active partners in our effort to leave America's waters cleaner for generations to come. More and more groups, state and local governments, organizations and professionals like all of you, are recognizing the value of implementing watershed protection approaches, and are using this tool as an organizing framework for vital protection and restoration activities.

The President's budget included, for the second year in a row, funding for a watershed initiative that builds partnerships for cleaner water. The watershed initiative helps us craft solutions for each watershed based on its unique needs and challenges. This year, we chose twenty of America's most threatened watersheds to receive funding. The President's Watershed Initiative is off to a great start, and we hope to build on this strong foundation in the years ahead. That is why the President's proposed budget for next year increases funding for this important program by 30 percent, to $20 million.

Many creative and innovative methods for dealing with our water quality issues are being put into action at the local level. That is why EPA created the Clean Water Partners program to recognize the remarkable work that is being done to enhance the health of our nation's waters. We received nearly 200 applications from around the country for our Clean Water Partners program. Three in Texas became a part of the program. The City of Austin, Water and Wastewater Utility, has developed a

best management practices for stormwater regulations; and the development of long-term water supply partnerships. Many here today have similar success stories from innovation and implementation practices such as these.

Focusing on the importance of watershed-based planning and working in partnership with communities and local governments are the new tools we must use to ensure purer water in the years ahead. Our Water Quality Trading Policy released on January 13th of this year renews our efforts to pursue water-quality trading for nutrients, sediments, and other pollutants to reduce the cost of compliance with water-quality based requirements. With this policy, we are supporting states in developing trading programs that meet the requirements of the Clean Water Act.

For example, an unregulated landowner or farmer could create credits by changing cropping practices and planting shrubs and trees next to a stream, reducing nutrient runoff and sedimentation. A municipal wastewater treatment plant then could purchase and use these credits to meet water quality limits in its permit. Water Quality Trading can provide a highly flexible and cost effective means of achieving improved water quality. Traditionally, after a Total Maximum Daily Load has been established for the water body, the regulatory authority divided the available load among the point source discharges. Trading could be utilized as a way of dividing the waste load most efficiently and can allow dischargers to find new ways to meet requirements. We believe trading offers particular promise for its water quality and economic benefits. Our policy supports trading among and between regulated and unregulated sources. EPA has concluded that the total potential savings from all types of trading range from $658 million to $7.5 billion annually.

Communities are facing rising costs of water infrastructure. Pipes and plants are aging and maintenance is too often deferred, and as a result we can expect sharply rising future costs for repairs and replacement of infrastructure. In many cities and towns, the pipes used to distribute clean water and collect wastewater have passed their life expectancy. At EPA, we continue our efforts to support sustainable drinking water and wastewater infrastructure across the county. We have provided nearly $38 billion in assistance by the Clean Water State Revolving Fund and $5 billion in assistance from the Drinking Water State Revolving Fund, but more needs to be done.

Also, the President's budget next year extends the Drinking Water fund with annual grants of $850 million for 2004 to 2018. This brings the Drinking Water fund to $1.2 billion per year, a 140 percent increase. Clearly, the federal government is working to do its part in helping cities meet their long-term infrastructure needs. But we have to work smarter, today's challenges demand a multi-faceted approach to managing and sustaining infrastructure. Not only are we going to have to manage better in both the public and private sector, we are going to have to use less water, or at least use it more efficiently, and pay more of the full costs of infrastructure. Last month, EPA Assistant Administrator Tracy Mehan, our lead for Water issues at EPA, shared his thoughts on how to sustain water infrastructure at the Council of Infrastructure Financing Authorities 15th Annual Conference. He focused on 4 broad directtions that we should pursue. They are: 1)Better Management, 2)Efficiency, 3)Full Cost Pricing, and 4)Watershed Approach. I encourage you to visit our website at epa.gov and read his comments.

Finally, I should mention Homeland Security, and our ever growing role in securing the nation's water supplies and treatment systems. In April, legislation that would provide $195 million over five years to help communities pay for vulnerability assessments and improve security at their wastewater treatment plans was introduced. Again, the federal government is working to assist our partners in achieving our goals to secure pure water for the communities we serve.

Let me touch on how we are working to better protect the land. Last year, we saw the results of nearly a decade worth of effort when President Bush signed into law brownfields legislation that will help communities all across America transform neighborhood eyesores into community assets. As many of you know, a brownfield is a parcel of land that is polluted and unused; a blight on the landscape and a drain on the vitality of the community in which it is located. Restoring a brownfield brings enormous benefits to a local community. Experience has shown that every dollar of federal money spent on a brownfield leverages about $2 ½ dollars in private investment. In addition, restoring a brownfield helps preserve open space. Every acre of brownfields that is restored saves more than 4.5 acres of greenspace.

Today, our progress is paying off. Important redevelopment projects like The Astros Field in Houston, and American Airlines center in Dallas, demonstrate the on-going success of this program.

especially when it comes to cleaning up Superfund sites. The Superfund law puts the burden of paying for the cleanup of polluted sites where it belongs on those responsible for creating the mess. Through aggressive action by the EPA, more than 70 percent of all Superfund cleanups have been paid by the responsible parties. Only in those cases where such parties cannot be determined, or have long-since gone out of business, are federal appropriated monies used. For those instances, the President has proposed to increase spending for Superfund clean ups by $150 million in his budget. This will fund ten to fifteen additional Superfund construction projects in the coming year.

Finally, let me talk about our goal of cleaner air. Since the creation of the EPA more than thirty years ago, our air has become significantly cleaner. Legislation, such as the Clean Air Act, has gone a long way in reversing the environmental damage decades of unchecked pollution had inflicted on our environment. Despite this progress, there is still more that needs to be done. Children suffer from asthma at alarmingly high rates, many of our national parks, like Big Bend and the Grand Canyon, are shrouded in a murky haze, and our environment continues to endure damage from poor air quality.

However, as we work to address this situation, more often than not, we are finding that the tools which served us well in the past are attracting a great amount of litigation, making them inefficient. The Clean Air Act is an example of the command and control model which has long dominated federal environmental policy, and that is a model that this Administration believes is no longer the only way to achieve environmental progress. That is why President Bush has introduced the landmark Clear Skies Act of 2003. This legislation will achieve mandatory reductions of 70 percent of three of the most dangerous pollutants emitted by power plants nitrogen oxides, sulfur dioxide, and mercury. Rather than setting individual targets on particular smokestacks, it sets mandatory reductions on the industry as a whole and gives facilities flexibility in determining how to meet those reductions.

Clear Skies will set a clear, objective standard for mandatory reductions, and, although it sets the goal, Clear Skies does not regulate the path to meeting that goal. This flexibility enables states and facilities to pursue the most cost effective approach to cleaner air and helps ensure our ability as a nation to respond quickly and efficiently to changes in the energy marketplace. By using this market-based approach, we will remove 35 million more tons of NOx, SO_2, and mercury from the air over the first ten years of the Clear Skies Act than the current Clean Air Act would achieve in that same time frame.

For many years, we have all been working together to bring cleaner air to Texas. TCEQ has lead the way in developing creative, innovative solutions. Last October, EPA approved the state's strategy for attaining the national air quality standard for ozone in the DFW and Houston/Galveston areas. A few weeks ago, I met with Governor Perry, and he shared with me his support for the Texas Emission Reduction Program, an essential component of your clean air strategy. This past weekend, the 78th Texas Legislature demonstrated their commitment to clean air by restoring full funding to the Texas Emission Reduction Program. This monumental legislation, now funded, establishes a variety of innovative programs which are critical elements in our strategy to control ozone in Texas.

Clearly, now we must focus on the challenge of environmental results by implementing Texas clean air plans, and preparing for any changes to the plan during mid-course review next year. The real test of our joint mission of creative, innovative solutions lies ahead. Texas' current clean air plan serves as a roadmap for what needs to be done to meet the new eight-hour ozone standard. As many of you know, this July each Governor will submit designations to the EPA under the new standard. Next April, EPA will finalize designations for areas across the country. The mid-course review, an obligation under the current one-hour clean air plan, places us in a strategic position to address the new eight-hour ozone standard. At EPA, we believe mid-course review could develop as an early clean air plan submission to this new standard. Obviously, this would assist Texas communities in moving from the old, one-hour ozone standard to the new eight-hour standard, by allowing us to use the existing roadmap for clean air.

In closing, from Clear Skies to watersheds to brownfields, the environmental policies we are pursuing reflect a deep understanding that our environmental quality is closely linked to our quality of life. Why should we care about environmental protection? Because the environment is an integral part to all of our lives. Whether it's clean lakes and streams to enjoy on hot summer days, community renewal to enrich our neighborhoods, or better air for our children to breathe, all of us benefit from a healthy environment, and all of us have a responsibility to ensure that we have one.

The 21st century holds an environmental landscape that has changed dramatically since the EPA was established. Meeting the new challenges that the future holds will not only take commitment to building partnerships, but also the motivation to try new ideas. As we think about the future of environmental protection, whether it's reducing harmful air emissions, cleaning up Superfund sites, or